



County of Los Angeles **CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN
Chief Administrative Officer

July 3, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (SECOND QUARTER 2003)

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the first quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran or Jerry Ramirez at (213) 974-1130 or (213) 974-4282, respectively.

DEJ:LS
MKZ:JR:nl

Attachment

c: Lloyd W. Pellman, County Counsel
J. Tyler McCauley, Auditor-Controller

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Second Quarter 2003 – July 1, 2003

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date Provided to Board
Valley-Durfee Redevelopment Project (El Monte)	First	Notice of Preparation of Draft Environmental Impact Report	March 4, 2003
Valley-Durfee Redevelopment Project (El Monte)	First	Preliminary Report	May 23, 2003
Hawthorne Project No. 2 (Hawthorne) (see below)	Fourth	Notice of Preparation of Draft Environmental Impact Report	June 9, 2003
Neighborhood Preservation Project (Huntington Park) (see below)	First	Update	June 10, 2003
La Mirada Merged Redevelopment Project (La Mirada) (see below)	Fourth	Preliminary Report	May 23, 2003
La Mirada Merged Redevelopment Project (La Mirada) (see below)	Fourth	Update	June 17, 2003
Redondo Beach Catalina Redevelopment Project (Redondo Beach) (see below)	Fourth	Preliminary Report	June 24, 2003
Central Business District and West End Project (Azusa) (see below)	First	Preliminary Report	June 27, 2003

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
Avalon Project Amendment No. 1 (Avalon)	Fourth	Approval of Amendment	June 17, 2003

Major Ongoing or Emergent CRA Issues

Avalon (Fourth District)

Issue: The Agency and County disputed the method of calculating the project cap. Negotiations to amend the current agreement to resolve the dispute and address existing Agency needs have been ongoing.

Status: The amendment was approved by the Board on June 17, 2003. It will provide the Agency with infrastructure funds as contemplated in the original agreement, and should not have a significant fiscal impact on the County, as the Agency is projected to repay all County deferral.

Azusa (First District)

Issue: CAO has received Preliminary Report for the Central Business District and West End Redevelopment Projects. After initial review and several site visits, CAO has initial concerns regarding consistency with Community Redevelopment Law.

Status: CAO staff is working with Agency staff to resolve concerns. Agency has indicated that due to procedural oversights they will need to continue public hearing to September 2, 2003. If concerns cannot be resolved, CAO may submit a Statement of Objections at public hearing to preserve the County's right to pursue further action.

Hawthorne (Second District)

Issue: The Agency is proposing an Amendment to add two parcels to an existing project area. The parcels are currently owned by the Los Angeles Air Force Base and are in the City of El Segundo, one of the parcels will be annexed to the City of Hawthorne. In exchange for modernizing and consolidating the Air Force Base on one of the parcels, the developer will acquire the other parcel for a new residential development project. By undertaking this modernization, the Base will hopefully avoid being included in the next round of base closures.

Status: CAO staff is awaiting the issuance of the Preliminary Report, which will contain findings of blight and financial information. The developer has reported a funding gap of \$25-30 million. Due to the significant economic benefits the Base provides to the region, proposals are being developed to include the contribution of tax increment shares from the City and County to assist in funding the gap. CAO staff will continue to monitor the project, especially the fiscal assumptions being developed.

Huntington Park (First District)

Issue: CAO received Preliminary Report for the Neighborhood Preservation Redevelopment Project. After several site visits and meetings with City staff, CAO had initial concerns regarding consistency with Community Redevelopment Law.

Status: Agency staff has agreed to recommend to the Redevelopment Agency Board that they revise their redevelopment project to resolve County's concerns.

La Mirada (Fourth District)

Issue: CAO received the Preliminary Report for Project Area No. 4. CAO staff had initial concerns regarding the blight findings of three areas of the proposed project area.

Status: CAO staff's concerns were resolved by the removal of two of the areas, and the submission of additional blight findings for the third area.

Los Angeles - Little Tokyo (First District)

Issue: The City is seeking to add area to the existing Little Tokyo Redevelopment Project.

Status: The proposed area is located in the Arts District section of Downtown Los Angeles east of Little Tokyo. CAO staff is awaiting the Preliminary Report, which will contain findings of blight and financial information.

Lynwood (Second District)

Issue: A discrepancy was found in the administration of an existing project by the Auditor-Controller.

Status: County Counsel is preparing an MOU to clarify project administration.

Redondo Beach (Fourth District)

Issue: CAO received the Preliminary Report for Project Area No. 4. CAO staff had initial concerns regarding the blight findings of one of the areas included in the project as it was originally conceived last year (Heart of the City Project).

Status: CAO staff's concerns were resolved by the removal of the area in question. CAO staff now believes that the renamed (Catalina) Project is generally consistent with Community Redevelopment Law.

Litigation

Los Angeles - Chinatown (First District)

Issue: Agency proposed to amend the Chinatown project by increasing the lifetime cap and extending time limits. Clause in the 1980 Tax Allocation Agreement requires the Agency to “negotiate in good faith” with the County regarding any amendments.

Status: Despite County objections, including inadequacy of plan, lack of an updated EIR, and breach of contract, the City adopted the project. The Board authorized legal action, and a lawsuit was filed. The City prevailed on the adequacy of plan and EIR issues. The portion of the case regarding breach of contract has not yet been litigated.

Los Angeles - City Center (First and Second Districts)

Issue: Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which recently reached its court-validated project cap.

Status: The County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a Statement of Decision indicating his intent to invalidate the project. The judge’s decision cites the court-validated project cap and the inconsistency of permitting the City to evade the effect of that limitation. The court did not need to address the argument regarding inclusion of the non-blighted parcels.

Los Angeles - Central Industrial (First and Second Districts)

Issue: The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

Status: The case is assigned to Judge Andria K. Ritchie, Dept. 31, who has been advised at her request of the outcome of the City Center lawsuit and will hold a Status Conference July 2, 2003. The County proposed a stipulated judgment invalidating Central Industrial for the purpose of appeal, but the Agency declined and is formulating its own proposal for the Status Conference.

Legislation

SB 465

Issue: This Bill would declare that local government would be able to establish Transit Village Redevelopment Areas centered on a rail transit station that would create new “blight” criteria, loosen existing redevelopment limits, and exempt pass-through obligations to taxing entities.

Status: CAO and County Counsel have developed an “oppose” analysis of the Bill. The bill has been held in committee since May 29, 2003.

AB 1235

Issue: This bill would establish a procedure to allocate a portion of property tax revenue of a dissolved redevelopment agency to school entities.

Status: CAO staff provided input to County Sacramento representatives. This bill was referred to Committee on Local Government on March 17, 2003.

AB 1755

Issue: This trailer bill in the budget package requires a one-time transfer of \$250 million in property tax from redevelopment agencies to the Educational Revenue Augmentation Fund in 2003-04.

Status: This bill contains CRA-requested language that gives agencies flexibility in how the payments are made and authorization to amend redevelopment plans to add one year for the plan’s period of effectiveness and for repayment of indebtedness. This additional year of tax increment flowing to redevelopment agencies would be a diversion from the taxing entities, therefore CAO staff provided opposition analysis to County Sacramento representatives.

Overall CRA Statistics

Active CRA Projects	294
Pending CRA Projects	30